

DATE: December 6, 2007

TO: DECD

FROM: Captain Jack Ringelberg, President  
JMS Naval Architects and Salvage Engineers/Ocean Technology Foundation

Good evening, Ladies and Gentlemen:

I am Captain Jack Ringelberg, USN ret., currently the President of JMS Naval Architects and Salvage Engineers here on the UConn Avery Point Campus. JMS is the parent company of Divers Institute of Technology, a commercial diving school in Seattle, WA. I am also President of the Ocean Technology Foundation, a nonprofit organization which is co-located in my JMS offices and is dedicated to the integration of academia, industry, government, and the public in fostering excellence in maritime initiatives.

Some highlights of OTF/JMS activities include:

- Development of the Connecticut Maritime Coalition
- Implementation and operation (10 yrs. +) of the Science, Education, and Marine Archeology Program in Portugal (SEMAPP)
- Employment of UConn interns
- Hiring of UConn graduates
- Serving on the Marine Science High School Advisory Committees
- Managing the Rhode Island Lobster Restoration Program (5-year fisheries restoration)
- Spearheading the search for the Bonhomme Richard (marine archeology program in the North Sea)
- Proposal for Center for Ocean Science Education Excellence - Technology (COSEE-T)
- Research vessel design and operational specialists
- NTSB designated experts for marine disasters
- NSF auditors for safety and operation of all research vessels
- Creation of a Center for Maritime Excellence

These activities are representative of the breadth and interest of OTF and JMS, and are expanded upon in the attached correspondence, which I will leave with you today.

1) We are the Maritime State

Even though we're the Nutmeg State, we are also the Maritime State. The largest concentration of shipping management is in western Connecticut. This is documented by the 1,000+ ship owners, builders, designers, vendors, students that attend the annual shipping conference in Stamford. With the operation of these major international companies hosted in the state, the logical counterpart would be to match this with maritime technology. We clearly have naval submarine technology extant at Electric Boat but there are many skilled maritime companies in the area, many of whom do government and commercial work. The technology sector is dwarfed by the shipping component and from where I sit, it is ripe for growth. There are many maritime components located here in southeastern Connecticut.

- History – Seaport and Maritime Studies Program
- Military – USN, Sub Base, Coast Guard Academy/Museum
- Shipyards/Shipbuilding – EB, Thames, and Mystic Seaport
- Commercial and Sport Fishing
- Recreational Boating

Marine Science – Ocean Technology Foundation, Uconn, Aquarium, Williams-Mystic, Project Oceanology  
Commercial Shipping – state pier, cruise ships  
Marine Transportation – ferries and cruise ships, small commercial passenger vessels  
Technology – Ocean Technology Foundation, naval architecture firms

2) Maritime Center of Excellence

I saw that in the interim report from the Governor's Commission on the Economic Diversification in Southeastern Connecticut, encouraged the building upon the "existing undersea technology Center of Excellence in Southeastern Connecticut." This is an outstanding idea! I have no current knowledge of this Center, but I do know that in 2005 we submitted a proposal to Senator Dodd's office to form such an organization. The final report of the Governor's Commission does not mention this Center of Excellence. At a minimum, I encourage DECD to reinstate this initiative. To do this, we need to formalize a working group and mandate participation from the academic and government sectors. I can assure you that industry is already there. The Ocean Technology Foundation is at your service to facilitate this endeavor on behalf of DECD. (A copy of our original summary proposal to Senator Dodd is attached.)

3) Industrial Partnership Program UCONN Avery Point

I moved my business from Rhode Island to Connecticut in 1997 at the invitation of UConn to be part of their Industrial Affiliate Partnership. This partnership was defined in the Battelle Report of 1994 and used as justification to construct the Marine Science and Technology Center. Since arriving, we (OTF, JMS, PEL Associates, and Life Pharms) have extended invitations to the University to participate in a myriad of joint activities, with little success. A recent article in the Hartford Courant refers to "academic isolationism". This is evident by the fact that Bob Ballard Wanted to come here but went top URI, the Coast Guard R&D Center is moving across the river, and the presence of the industrial partners on the Avery Point campus is tenuous.

To make the Maritime Center of Excellence a reality, close cooperation and presence with the University is required, as well as a broad representation of industry. As stated, the latter is ready. You can appreciate that if the Industrial Partners in residence could not get anything going with UCONN, moving them off campus will be the death of any Center of Maritime Excellence and a continuance of "academic isolationism"

## **CT DECD Economic Strategic Plan Meetings 2007-08:**

### **Agriculture and the Dairy Industry are Important for Connecticut's Future**

I am Peter Orr, Dairy Farmer from Thompson CT. I would like to thank you for the opportunity to share my views on the future course of the state's economy by providing input into the strategic plan as called for by Public Act 07-239, *An Act Concerning Responsible Growth*, which spells out Governor Rell's plans for growing the state's economy while preserving and enhancing Connecticut's natural treasures. As stated by our Governor, "Our goal now is to make sure that we continue on that vital path of growth without jeopardizing some of the things that make life in Connecticut so worthwhile". One of those areas I would like to see considered in the strategic plan for our state is maintaining a vibrant Agricultural Industry. The Agricultural Industry contributes over 2 Billion dollars worth of economic activity to the state's economy. For my comments today, I would like to focus on the Dairy Industry in the State of CT.

I urge DECD to consider the value and the future position of the CT Dairy Industry in its strategic planning. Dairy Farms in the State of CT provide approximately one-half of the fluid milk consumed within the state. About 20 years ago, CT Dairy farms supplied almost 100% of the fluid milk needs. Dairy is a primary manufacturer of a food item within the states borders. Dairy takes many locally derived inputs, including land and produce a fresh perishable food product in CT. In addition to supplying a fresh local food product, Dairy farms contribute substantially to the landscapes of scenic CT. Many of the picturesque hillsides and valleys scenes of CT vistas are provided by active dairy farms. It is estimated that over 100,000 acres of working land is associated with Dairy in the State of CT. In addition to the land we grow our crops on; there are substantial forest and wetlands which provide significant wildlife and recreational uses here in CT. This agricultural landscape is maintained by having viable farm enterprises working the land, at no cost to Connecticut's taxpayers.

Key areas needed to be studied to maintain a viable Dairy Industry in the State of CT include: food security issues, transportation, business regulation, labor force quality and sustainability, cost of doing business, affordable housing, land use policy, taxation, availability of capital and affordable energy.

Having an economically viable and sustainable Agriculture and Dairy Industry will pay tremendous dividends for our state in the long-term in many different ways. Once the Dairy Farms are gone, the last crop grown on the land will be development. CT's Agriculture and Dairy Industry needs to be included in DECD Strategic Plan for Connecticut's Future.

Comments Submitted by:

Peter Orr  
Fort Hill Farms, LLC  
PO Box 447  
Thompson, CT 06277  
Email: [farmsllcf@aol.com](mailto:farmsllcf@aol.com)

Member Farm of 'The Farmers Cow' Fresh CT Milk  
Member Agrimark - Cabot and Macadam Cheese Brands  
Member Connecticut Farm Bureau- Dairy Committee  
Member Very Alive-Agribusiness Promoting CT Ag

## **DECD Comprehensive Economic Development Strategy**

This recommendation is brought by:

Lloyd Beachy, Member, Board of Directors, New London Landmarks  
Past Mayor and City Councilor, City of New London

I bring to you one overarching recommendation for future economic development initiatives by DECD, that **the State of Connecticut should allow local governments and citizens to manage their own affairs.**

- **Do not initiate programs and projects without the intimate knowledge and participation of the elected officials and the professional staff of the municipality involved.**
- **Do not use the facade of Development Corporations to go around local officials and their decision making.**
- **Do not hold the power of DECD project funding to impose the will of state officials on local communities.**

The power of the State of Connecticut through the control of funding for major projects and the state ownership of large parcels of developable land within municipal borders is overwhelming to local decision making.

There are four recent state managed projects in southeastern Connecticut which testify to the need to limit the power of the State in local affairs.

- The total mismanagement of the Norwich Hospital property which has kept this valuable property from moving forward in a location that is ripe for development.
- The inability to manage and advertise the Seaside Hospital project successfully in a location that is located on valuable shoreline property that could be used for "high-end" condominiums by restoring and remodeling existing structures.
- The takeover of almost 100 acres of the New London's State Pier area in such a way that no benefit will ever come to the City either through jobs or taxes.
- The infamous Battle of Fort Trumbull which has destroyed a community within the City, demolished hundreds of square feet of potential office space, placed the most valuable of the land in the hands of a Boston-based developer under a development

agreement that virtually guarantees that the developer need not satisfy any part of the plan, left undeveloped almost 100 acres of waste land (at least half of which is "brown fields"), and allowed to exist at the gate of the magnificent Fort Trumbull State Park a blighted neighborhood of a dozen boarded up, falling down homes and businesses that will never again provide the tax revenues and jobs promised in the fatally flawed Fort Trumbull Municipal Development Plan.

In closing, there is no way that local authorities in Norwich, Preston, Waterford, and New London could have managed these projects with less effectiveness than has the State of Connecticut. The DECD should have as its overarching goal that of helping instead of hindering the restoration of our cities and towns.

**Looking Forward,**  
**A Public Private Partnership For Economic Development**

**Tony Sheridan**

For Connecticut to compete effectively, the state must make a fundamental structural and cultural change in how it organizes its approach to economic development. The Department of Economic and Community Development (DECD), the state agency responsible for economic and community development, has as its core mission, economic, housing and community development along with approximately 28 other programs including loan and small city development block grant programs.

The present DECD organization with its myriad of other obligations and responsibilities does not allow for the flexible out-of-the box thinking necessary for the state to compete successfully. By design, the existing DECD is too closely tied to the administration that happens to be in office at the time. As a result, economic development efforts tend to take place with an eye on the next election cycle. This too often results in insufficient emphasis on long-term strategic planning that is essential for sustainable economic growth.

The three essential components needed for sustainable economic growth are: a progressive and modern higher education system; a modern and flexible transportation infrastructure; and a progressive and efficient government. Connecticut, according to most experts, does not fare well in two of these three categories.

**Education** - Here we have partial success. We can rightfully brag about our higher education system. The state has invested wisely and the system has benefited from long-term strategic planning as well as consistent leadership absent political interference. However, too many young, well-educated people leave the state to seek opportunities elsewhere. In addition, not nearly enough students are studying in the disciplines essential for securing our economic future -- such as math, science and engineering. Also, test scores, especially in our inner cities, indicate that the school systems are failing far too many young people, leaving them unprepared for college or for the work world of the future.

**Infrastructure** - The essential infrastructure for sustainable economic growth in the state is woefully inadequate, so much so that the state is at serious risk of losing our existing manufacturing base and other businesses that require a modern transportation and communication system. For example broad band accessibility is spotty in many of our 20 towns in the region and our main highway arteries are frequently clogged for hours at a time.

**Government** -- The role government plays in economic development is crucial. Although sincere attempts are under way to prepare the state for the new economy, these

attempts, at least in southeastern Connecticut will be woefully inadequate unless the state improves the way it manages economic development.

To successfully compete for sustainable economic growth in the future, Connecticut needs to review the steps that other states are doing or considering. A recent study by the State of Arizona speaks to this point. The research compares Arizona's economic development strategies to those being implemented in 18 competitor states including our neighboring states, Massachusetts, New Hampshire, New Jersey and New York. Of note is the fact that Connecticut was not one of the states included in the study.

To reach its potential, Connecticut should appoint a public / private partnership responsible for economic development policy and planning for sustainable economic growth. The majority of members should be accomplished individuals from the private sector. The board should also include representatives from higher education, the Department of Transportation, the Department of Environmental Protection and a representative from organized labor. The board also must be nonpartisan.

A professional economic development expert responsible for developing a long-range economic development strategy and a mechanism for measuring economic development success should be hired by the partnership. This individual should be held accountable for recommending legislative and government policy adjustments that will allow Connecticut to be more competitive. This executive would be responsible for developing policies designed to foster an aggressive response to changes in the economy, society and technology and for identifying collaborative opportunities between academia, industry and workforce development.

Business as usual is no longer working for the state, and no amount of quick fixes or band aid approaches will work. Whether we like it or not, we are in a global economy and our leadership has the very challenging responsibility of designing an economic development system that will allow Connecticut to compete and to avoid a race to the bottom. We have the tools necessary to build a modern economy that will serve us well. What is needed is significant investment in our infrastructure, a modern progressive government and a public private partnership led by a professional leader in the world of economic development.

TAS3/20/06



## STATE ECONOMIC STRATEGIC PLAN INFORMATION FORUM

Good evening. My name is John Beauregard and I am the Executive Director of the Eastern CT Workforce Investment Board (EWIB).

My organization is one of five Workforce Investment Boards in the state. We were created under federal law in 1998 to work in partnership with Chief Elected Officials for the purpose of coordinating multiple public programs designed to assist workers and employers. We provide this service over the 41-town Eastern CT region and support a full range of workers.

While it's true that almost all workforce development programs that prepare our citizens with 21<sup>st</sup> Century skills will be a key driver in Connecticut's economic success, tonight I would like to focus on one particular program – Incumbent Worker Training. This employer and worker win-win program matches cash put up by the employer for worker upgrading with state grant dollars designed to increase our state's workforce competitiveness. Tonight's Forum focuses on strategic economic development planning, and I believe this program may have the most significant impact and role in our future planning.

Simply described, Incumbent Worker Training provides grant funding for existing businesses to offer customized training to targeted groups of their workforce to ensure their worker skills remain globally competitive. For workers, the benefits of training are obvious: the program promotes greater job retention and increases opportunities for advancement, higher wages, and future employability. Employers benefit equally as the training promotes skill development for their workforce allowing the company to become stronger and more competitive from a productivity standpoint, and thus increase the chances of the employer both staying and growing in Connecticut. It is worth noting at this point that experts claim that 80% of new job growth traditionally comes from existing employers. This program helps our employers to grow and add jobs.

There are dozens of reasons why investing in Incumbent Worker Training is now more important than ever but in the interest of brevity I would like to highlight 6 for this Forum:

1. First and most obvious, is that the world economy has become much smaller due to advances in communications. The "shrinking" of the world means that we now compete directly with emerging economies that simply outnumber us or can pay much lower wages than American employers. *(The local impact of this was recently driven home for us when in preparation for a Federal grant, we examined 2004 Trade Adjustment Assistance data from CT and southern Rhode Island and found 44 companies who were forced to displace workers due to increased foreign competition – that's a 210% increase from 3 years earlier and 50% above the national rate)* Understanding that our economy cannot compete on the basis of size or wages, it becomes clear that we must develop a workforce with superior skills and knowledge to compete successfully in the



new global economy. Incumbent Worker Training is a crucial tool to developing the skills and knowledge of our workers.

2. Rapid technological advances require a constant upgrading of skills just to keep pace and virtually no sector of our economy seems spared. Whether you're an auto mechanic facing new electronic components and fuel cell technology, or an advanced manufacturing worker required to use new high-tech equipment, the growth of technology spares no one.
3. Developing the skills of our Incumbent Workers helps to address the growing issue of "underemployment" in the area which is illustrated by the increasing number of workers forced to hold down two jobs to keep pace with the rising cost of living. (*We cannot ignore that our regional shifts towards low-wage jobs has placed our area's annual average wage at \$12,000 below the statewide average ~ and this gap has widened every year since 2002.*) By expanding the pool of highly-skilled workers, Incumbent Worker Training plants the seeds for the growth of industries and jobs that can counter-balance recent wage trends.
4. Somewhat related to the job growth benefits just described is the need to sustain what we've built. The need for succession planning is great as a talented, experienced generation of Baby Boomers nears the end of their careers. To illustrate the quiet impact of retirements in Eastern CT, consider that in a mere span of 4-years the impact of retirements exceeds the labor force transition that was associated with the threatened Sub Base closure. While Baby Boomer retirements create a temporary void in the economy for highly-skilled workers, they also create advancement opportunities for Incumbent Workers who have developed their skills through targeted training. We desperately need to develop these workers to make sure they're ready when called upon.
5. The time is now. Despite the pressing need for Incumbent Worker Training, Connecticut ranked in the bottom 10% in terms of employer-based investments in worker training according to a recent USDOL publication. The benefits to our state's workers, businesses, and long-term economic growth and prosperity make it imperative that we renew our commitment to investing in Incumbent Worker Training.
6. This is not just talk. Despite the limited amounts of funding available at the regional level during the past three years, our private/public Incumbent Worker Initiative has applied \$1.5M of a combined employer and state grant pool of funds to upgrade 3,400 workers at 52 companies. Locally, we have accomplished this through a coordinated state/local Review Panel on which DECD has one of the five seats. We have experienced growing demand among employers culminating with this year's pool becoming exhausted less than a month after making the funds available for bidding.

In closing, I would strongly encourage that we prioritize the role and presence of a reinvigorated funding level for employer-based worker training delivered through currently established regional structures.

Thank-you.

**DECD Meeting 12/6/07**

- WE MOVED TO CT FROM MA AT THE INVITATION OF DECD IN 1997 AND ARE LOCATED HERE AT UCONN-AVERY POINT
- SINCE THEN WE HAVE DEVELOPED A NEW BREAKTHROUGH FAMILY OF PRODUCTS OF HIGH INTEREST TO THE DEFENSE INDUSTRY.
- AS A DEFENSE CONTRACTOR WE HAVE SERVED DARPA, ONR, NAVAIR AND LOCAL COMPANIES MAINLY IN ADVANCED SENSOR & COATING TECHNOLOGY INCLUDING SUBMARINE AND IED DETECTION, ETC
- WE HAVE HIRED SEVERAL UCONN INTERNS, FACULTY AND STAFF
- THIS WORK COULD BE IMPORTANT IN ECONOMIC DEVELOPMENT. IT COULD BRING MANY NEW APPLICATIONS, MORE JOBS, AND A HEALTHIER ECONOMY
- MANY INNOVATIONS ORIGINATE WITH SMALL BUSINESS, AND IT CAN PLAY A

## CONSTRUCTIVE ROLE IN ORGANIZING AND LEADING ECONOMIC DEVELOPMENT

- PEL HAS PROVIDED AN EXAMPLE OF  
TECHNICAL BREAKTHROUGH AND WITH  
YOUR SUPPORT THIS COULD JUST BE THE  
BEGINNING

[www.pelassociates.com](http://www.pelassociates.com)



**ASSOCIATES**

Innovative Technology

**Dr. Morton Wallach, President**

[mtwallach@pelassociates.com](mailto:mtwallach@pelassociates.com)

tel/fax: 860.448.6522

1084 Shennecossett Road

UConn-Avery Point • Groton, CT 06340

## **Testimony of John A. O'Toole**

**December 6, 2007**

**Speaker Background:** John O'Toole is a business development manager for Northeast Utilities. He has worked in the economic development department of NU for more than eight years. Prior to joining NU, O'Toole served three terms (1993-1999) as first selectman of the town of Seymour. Presently, O'Toole serves as policy chair for the Connecticut Economic Development Association, treasurer of the Connecticut Economic Resource Center Inc., and vice-chair of the Connecticut chapter of the National Brownfields Association.

**Summary:** Infrastructure – both transportation (roads, air, rail) and utility (electric, gas, telecommunications and water) – remains a pivotal enabler of growth. It can be “smart” to develop in many places across the state, that is, in urban, suburban and rural settings, where such infrastructure exists or can be easily accessed.

**Testimony:** There's no shortage of talk these days about “smart” or “responsible” growth, as well as the merits of Transit Oriented Development. While these approaches have their benefits, state policy-makers should think carefully and comprehensively about this subject before proceeding with policies that may inadvertently increase the cost and uncertainty of doing business in our state. We at NU are concerned that an unintended consequence of this debate could further stagnate what has been relatively sluggish growth in our state.

At the macro level, recent discussion about “smart growth” between proponents and policy makers has gotten tangled up around definitions. It's probably safe to say that each man or woman feels that their idea about what constitutes good development is “smart.” As a major electric and gas utility in the state, we suggest that the state embrace any development that (1) is built in the proximity of existing infrastructure, (2) largely driven by the market, (3) requires minimal additional investment to make the site, and (4) is welcomed by the host community after a thoughtful, open, planning process.

In short, we believe the state should adopt a policy which fosters **Infrastructure Oriented Development**, as transportation oriented development alone fails to contemplate the comprehensive infrastructure and market forces required to make sites truly viable.

The state of Connecticut should make every effort to leverage:

- ☒ Its own investments in highways, railroad systems, seaports, airports, and brownfields
- ☒ The investments made by municipalities on waste water treatment, water, and roads, and
- ☒ Investments made by private companies:
  - utility investments in current and planned electric generation, distribution and transmission assets;
  - water lines;
  - gas mains; and
  - cable/telecommunications networks.

These investments represent opportunities to improve the return on investments made by taxpayers, ratepayers and companies. Areas around the confluence of lines, wires and access-ways can form the outline of an **IOD** policy that can prime opportunities to achieve a return on so-called sunken costs. Better coordinated efforts in this regard can help us:

- ☒ stem the cost of doing business in our state;
- ☒ limit the possibility of duplicating efforts; and
- ☒ avoid incurring unnecessary expenses and making non-performing investments.

The state of Connecticut, in conjunction with its municipalities, should implement processes that identify and account for existing infrastructure and assess what new infrastructure is required to help a municipality (and a region) grow. Economic modeling can indicate whether or not the investment required to bring nearby infrastructure to a given site or park can justify the public investment.

DECD can provide critical leadership and facilitate a process whereby worthy public and/or private investments receive necessary approvals in an expeditious fashion.

Examples should include:

- ☑ state traffic permits and approvals;
- ☑ expansion of waste water plants and approvals;
- ☑ development of true, high-speed rail service (120+ mph);
- ☑ increased bandwidth and hardened infrastructure; and
- ☑ siting of future electric power generation plants.

Specific to energy supply, as we continue to pursue cutting-edge energy conservation options, additional and diverse power generation capacity in our state will continue to be critical. Yet Connecticut's increasing reliance on natural-gas fired plants puts our state's economy at risk. We need to be more proactive in our approach to energy policy in this state.

Here, in southeastern Connecticut, I am reminded of Connecticut's historic leadership in nuclear energy – the Nautilus, the world's first nuclear sub, Connecticut Yankee, one of the nation's first nuclear power plants, Millstone, and, of course, Electric Boat and its long-standing relationship with Submarine Base New London, home to its fleet of nuclear attack submarines. We should seize on our state's prominence in this area, with more determination than we've pursued any other cluster to date. The nuclear industry is one where our history, knowledge and expertise give us a clear, technological advantage. We have the incumbent workforce. Our state only needs to resolve again to become energy diversified and independent.

Energy is just one example where we can identify the infrastructure required for growth. In other areas we need to determine the capacity required to support growth in our ports, pipes, wires, airports, our highways – both asphalt and bandwidth. We need to join 11 other states that proactively make these determinations, make the necessary investments, and find incumbent companies with a need for space, companies looking to expand into this market. In short, develop an overt, certified sites program.

A certified site processes allows for a transparent, inclusive public planning process. In the end, communities envision the types of developments they want, leverage them, and eliminate the guesswork

and risk from a developers' ledger. We encourage inclusion of this comprehensive process in the new strategic plan.



*Testimony  
to  
Department of Economic & Community Development  
on  
Connecticut's  
Strategic Economic Plan*

*December 6, 2007*

**I am Gail Lawson, PhD, the Executive Director of Sound Community Services, Inc. (165 State Street, New London, CT.) Sound Community Services is a community based non-profit mental health agency providing services to more than 2500 citizens of New London County annually. On behalf of the persons we serve and the 140 members of SCSI staff, I would like to contribute the following input towards the development of the State of Connecticut's Economic Strategic Plan.**

Sound Community Services, Inc. is a 501-c-3 charitable organization with a 30 year history of service to the citizens of Connecticut. According to 2007 National Center for Charitable Statistics data, we are just one of the nearly 14,000 nonprofit organizations here in Connecticut. Our annual operating budget is \$7.9 million dollars and SCSI employs 140 individuals. With 140 employees we are one of the largest private employers in the City of New London. Only Pfizer, The Day and L& M Hospital have more employees. State wide nonprofits employ 165,000 individuals representing close to 12% of the State's workforce according to 2004 State Department of Labor data. I would suspect that if more current data were available that percentage would show an increase. Needless to say, SCSI is a significant economic force in New London just as non-profits statewide are a significant economic force – a force that is rarely acknowledged, appreciated or understood.



It is important to also point out that SCSJ, like all nonprofit organizations, is a business. Every two weeks we need to make payroll and pay our bills! The direct and indirect effects of SCSJ and other nonprofits on the economy are substantial. We pay wages and benefits to employees who in turn fuel our economy through spending on property, food, housing, transportation, child care, clothing, furniture, dry cleaners, recreation, travel, insurance, healthcare and conferences, etc. SCSJ itself spends money with vendors for all the things that a business needs to function and on specialty items related to health and human services. While a lot of this may be obvious, some is less so. For instance, where construction is involved, the involvement of our contractors, suppliers and other vendors is tremendous. We also contract for plumbers, electricians, legal and accounting services among others. Also, our employees pay taxes – federal and state income, social security and directly or indirectly (through mortgage or rent) local property taxes. During the past fiscal year SCSJ paid \$4.2 million dollars in wages \$425,000 in rent and \$330,000 in contracted services to “for profit” individuals and businesses. Clearly SCSJ, like all non-profits, adds to the “bottom line” of Connecticut businesses and to the State as well! Do not confuse our tax classification with the need to maintain a positive bottom line or surplus. The difference is what nonprofits do with their money, something much different from what for-profit businesses do with theirs.

I wish to focus a major portion of my remarks on the manner in which we are funded. SCSJ's funding was the direct result of State of Connecticut action. *We are* one of the organizations that the State of Connecticut turned to when it chose to close to its state “mental hospitals.” *We are* one of the organizations that the State of Connecticut turned to assure that the State fulfills its mission and commitments to its citizens. *We are* one of the organizations that provides the “safety net” to the State's residents. *We are* one of those organizations which rely on state

contracts and are continually subject to the demand that we continually do more with less. And sadly, *we are* one of the organizations that is only rarely recognized for the economic and human capital contributions we make to the State's overall economic vitality and success and the quality of life here in Connecticut. May I respectfully remind you that Connecticut is the richest state in the richest country in the world!

If you search the state budgets of the last five years, it is astounding the number of jobs which have resulted in the nonprofit sector from the millions upon millions of dollars appropriated. Just as one example, each of the 40 DCF funded adolescent group homes opened/in the process of opening by nonprofit organizations employs 20 individuals. That is 800 jobs alone. While it would appear that in creating jobs in both the public (state jobs) and private nonprofit sectors, the State of Connecticut itself is part of the economic solution. However, part of my story today also includes that the State of Connecticut is also part of the problem for the employees of non-profits who would like to lead the "middle-class" life style.

Many of the jobs in the non-profit sector supported through state contracts and initiatives are lower wage jobs which fail to meet most any self-sufficiency standard that is applied. State policy leaders have heralded an emphasis on 21<sup>st</sup> Century Jobs in Connecticut. Nonprofit jobs, or the overwhelming number of jobs the Legislature itself has created, are able to be viewed within that framework. A nonprofit health or human services job created through a state Purchase of Service contract is not considered the "poster child" job of the 21<sup>st</sup> Century.

How does this manifest itself, in particular for SCSJ's direct care line staff or the line staff of other non-profits:

Specifically :

- Line staff of nonprofit organizations with state funding often must hold more than one job to pay for the basics of life – food, clothing, housing, child care, health insurance, etc.
- Line staff of nonprofit organizations earn wages which are often not sufficient to support a family.
- Line staff of nonprofit organizations find themselves qualifying for state insurance programs such as HUSKY.
- Ironically, employees of nonprofit organizations are not able to achieve the “American Dream” or to enter the middle-class while the programmatic goals for clients of their nonprofit employer is often to achieve that very same goal.

In order to secure a better future for all its citizens, the State of Connecticut must recognize the imperative to deal with all those individuals who provide services to those who are most in need equitably. The State of Connecticut funding formulas forces organizations with whom it contracts, like SCSJ, to pay wages which are on average 50% less than what the State pays its employees for comparable work. I venture to guess that if you compared the wages of SCSJ employees to the wages paid to the Southeastern Mental Health Authority (SMHA) state employees, members of this committee would be shocked that such a disparity would be allowed particularly since many of the non-profits have higher percentage of staff that are women and minorities. This easily identified disparity does not include an additional large difference in benefits- particularly health insurance- received by State employees compared to nonprofit employees in the health and human services arena. Non-profit employees should have parity

with those state employees who provide the very same service! I urge this committee to address this lack of parity!

In conclusion, Connecticut has begun making major investments into critical infrastructure issues such as early childhood education with the aim of developing a competitive and quality workforce for the future; higher education towards keeping more of our graduating Connecticut students in-state and providing a highly skilled workforce; housing; smart growth and land use initiatives in order to protect and insure an excellent quality of life; economic development in our urban areas to create jobs and spur growth; transportation to enable economic growth; and health care by increasing Medicaid rates and gradually beginning to address those without insurance. More is required, however, and it still has matters waiting to be addressed. Among the greatest needs are the growing income inequality, providing health care to all uninsured both aimed at building the middle class and moving people out of poverty.

Respectfully submitted:

Gail M. Lawson, PhD  
CEO  
Sound Community Service, Inc  
165 State Street  
PO Box 2170  
New London, CT 06320

860-443-0036 ext 170